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PROBLEMS OF FEDERAL EXPENDITURES FOR TRANSPORTATION

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THE opportunity for individual reward and accomplishment is solely responsible for our great transportation systems. Aside from subsidies in pioneer days to some of the transcontinental lines, the costs of railroad extensions were borne by the public in recognition of the ability of our captains of finance, who had the far-sighted vision to foresee accruing profits from the charges for hauling the products of the virgin fields their rails would develop.

During the great war the inadequacies of transportation to handle the peak load were proven and, as a result of losses largely chargeable to the accruing component costs of congestion, the period of government operation is represented by losses of approximately two billion dollars. Now that the railroads have been returned to their owners since September 1st of last year, there will be no repetition of such exorbitant drain on our national resources if the same incentive responsible for the early financial success of our railroads remains untrammelled in the future.

In Canada the situation is diametrically opposite. There traffic expectancies of many lines built through undeveloped country have not been fulfilled and they cannot be expected to for many years to come; therefore, the government has assumed an annual deficit of approximately seventy million dollars for about one-half the railroad mileage in the dominion.

While the railroads may reasonably be expected to sustain themselves in the future, it must not be overlooked that they are but one of our several mediums of national transportation, and with past experience as a lesson, the proper coordination of all transportation facilities is essential to meet the peak loads of future industrial activities.

Briefly, this existing transportation asset is railways, waterways and highways. Our waterway expenditures have in the

past been heavy, but improvements have been made more with a view of channel depth than terminal capacity; hence under peak load conditions during the war they were of slight benefit, because they lacked transportation facilities properly coordinated with our railroad transportation facilities with suitable joint water-rail terminals for diversion of surplus traffic from each to the other in ratio with the carrying capabilities of either.

Considering operating losses under federal control, it is interesting to note the comparative line haul and terminal costs. In the industrial section of this country east of the Mississippi River the terminal costs absorbed an inordinate portion of total revenue. While the exaggerated charges by railroad unions of wasteful railroad operation are fallacious and can never be sustained, I am convinced there is still tremendous opportunity for reducing operating costs and that opportunity lies in effecting economies in terminal operation more than anywhere else.

Under this peak load, in each and all of our large industrial cities, which likewise in the majority of cases are our large freight terminal or interchange points, great congestion prevailed to detriment of line haul movements by reason of terminal inadequacies. The functioning of such centers as check valves interrupted the free and easy flow of traffic and is largely responsible for the erroneous impression that our railroads crumpled under the burden. With sufficient motive power there is practically no tonnage limit which the railroads will not carry, provided the movement is uninterrupted. Terminal interruptions were likewise responsible for car shortage, since cars through congestion were held in terminals for storage instead of transportation.

Under the stress of this situation a large amount of traffic was diverted to highways by motor trucks to detriment of tariff returns to the railroads and at far greater cost to shippers. During that acute situation action was necessary regardless of cost, and the truck then patriotically discharged its obligations in competition with the carrier. A continuance of such long haul highway competition is an injustice to investors in our railroad securities, to taxpayers, who are assessed for maintenance and construction costs of highways, and to consumers,

who in the retail price are assessed the excess cost of long haul truck charges, which are far greater than existing railroad tariffs.

The government is spending large sums annually in road construction subsidies without much voice in detail plans and specifications covering such construction. To what extent a good dollar should be put behind a bad dollar for poorly designed highways is problematical, and further it is more problematical as to whether or not investment should ever be made without proper assurance of maintenance, for without maintenance—irrespective of road specifications—the principal so invested is early confiscated by deterioration. Our national highways should be made to bear their burden of short hauls of industrial traffic during times of peace and maintained as a military asset during times of war. Whether or not this latter contingency warrants giving our federal government supreme authority in engineering specifications, construction and maintenance is a subject for legislative consideration. Road building is a matter more of engineering than capital expenditures; therefore, since the government is liable for the latter, it seems but proper that it should have some voice in the former in order to secure standardized construction, which is essential for wartime activities, if not for our commercial welfare.

This lack of standardization is apparent to an automobilist in driving over state boundaries and in some localities a matter of grief when driving over county boundaries. If the trunk lines, interstate or military highways were specified by the federal government in recognition of its subsidies for such and the intra-state roads became the individual problem of each state, urban and agricultural development would accrue in ratio with the intelligent road construction furnished its taxpayers by each state.

The automobile has made city facilities available in rural communities, and the motor truck similarly will reduce the marketing cost of agricultural products originating in districts far removed from rail transportation, provided proper roads are constructed for truck operation.

With proper roads for both passenger and freight transportation the motor vehicle both automobile and truck, will

largely function as an auxiliary of rail transportation, distributing and collecting the ever-accruing volume of freight which will follow in any territory opened up by highway construction. In this work the truck will economically discharge its obligation to civilization, and contribute to the increase of railroad revenues, instead of at exorbitant cost both in retail price of commodities and destruction of highways detract from railroad revenues through long haul competition with our common carriers.

When such transpires, expensive rail extensions to develop virgin territory will not become a burden of government subsidies as in Canada or of private capital as in the United States. When comparative operating costs make such sequence possible and advisable rails will follow the motor truck at assured economies instead of preceding the motor truck at anticipated loss for an indefinite period.

While rail extensions into virgin territory might be considered a financial gamble, the extension of intra-terminal rails to relieve terminal congestion and benefit main line railroad transportation is only possible at prohibitive cost, which in the majority of cases will never be warranted by operating economies effected.

Such intra-terminal rails are necessary only as interchange facilities for the carriers and to furnish sidings for industrial extensions. Here the motor truck can be coordinated with rail transportation in interchange, collection and distribution service under operating charges less than interest charges alone on physical extensions. It will function currently, lacing up disjointed freight stations of railroads and isolated sites available for industrial plants, less the proven delays and exorbitant expense attendant on interchanges by box cars over congested terminal rails.

The motor truck, as a tonnage developer of traffic for railroad main line hauls, radiating into rural communities from junction points to be established for interchange of their loads with railroads, will be a potent developer for this country, will involve less liability for either government or private capital, for unless the railroads themselves adopt the facility, aggressive private capital will profitably perform the service for them.

Likewise, the motor truck can be used at discretion of the carriers to forestall their otherwise necessary huge expenditures for extension of terminal plant at enormous operating economy and untold benefit to shippers through expediting the movement of freight, which will result from consolidation of carloads at origin by the truck for uninterrupted dispatch to destination.

None of these results will be obtained by haphazard investments and operation. As with every other venture, coordination is primarily essential, and coordination must be backed by intensive intelligent operation. When so properly relegated to its sphere, excessive costs of long haul competition and unlicensed abuse of our public highways—now partially subsidized by the federal government—will cease.

Later in progressive sequence the demountable unit container of maximum motor truck capacity will unquestionably prove a primary facility of transportation, utilizing the three principal available units—railways, waterways and highways—within the zones of most economic operation of each, and the motor truck will then come into its own as the missing link in transportation lacing up these three primary facilities.

Such future opportunity suggests not only standardization of highway specifications, but standardization of all state laws regulating the gross and net weight, load distribution and clearance dimensions of motor trucks. The standardization of traffic laws is likewise essential for the intelligent use of this modern facility, which has already proven its potentialities.